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Staff Report for a Resolution to Accept the Annual Report of the West San Leandro Shuttle Business Improvement District (BID) for Fiscal Year 2017-18 and Directing the City Manager to Impose the BID Assessment Rates Increased by the Consumer Price Index (CPI)

RECOMMENDATIONS

Staff recommends that the City Council adopt a Resolution to accept the Annual Report of the West San Leandro Shuttle Business Improvement District (BID) for Fiscal Year 2017-18 and direct the City Manager to impose the BID assessment at the increased rates, as recommended by the BID Advisory Board.

BACKGROUND

Business Improvement District and Annual Report

In December 2014, the City Council approved Ordinance No. 2014-023 expanding the BID service area and re-establishing the West San Leandro Business Improvement District (BID) for a period of 15-years. The BID provides funding for the LINKS Shuttle service, which is administered by the San Leandro Transportation Management Organization (SLTMO). BID fees are collected through the City's business license process.

One requirement of the BID is the creation of an Advisory Board to annually review the performance of LINKS for submission to the City Council. The five to seven-member Advisory Board includes the City's Engineering and Transportation Director and the Director of Finance (or their designees). The business members appointed to the Advisory Board are Dora Wong of Coca Cola Bottling Company, Kristin Anderson of Eric F. Anderson, Inc., Alexandra Vasquez of Peterson Companies, Mike Adelson of Mr. Plastics and Steve Magidson of DocuStream. The Advisory Board's duties include review of the LINKS performance and budget, and a recommendation for the BID assessment rate. The City Council may increase the annual assessment in an amount not to exceed the increase in the

Consumer Price Index (San Francisco, Oakland, San Jose), as part of its review of the annual report.

On November 13, 2017, the Advisory Board met to complete the annual review of the LINKS Shuttle. The FY 2017-18 Annual Report is attached to the Resolution.

Analysis

The Annual Report includes a review of the LINKS shuttle's performance, planned operations, budget, and a recommendation for the 2018 BID assessment. Following is a summary of the Annual Report.

Current Operations

The free LINKS shuttle operates Monday - Friday during peak commute hours (5:45 - 9:45 am and 3:00 - 7:00 pm). LINKS provides critical "first and last mile" connection between BART and employers in West San Leandro, serving major employers including Coca Cola Bottling Company, Federal Express, Walmart, and Costco, as well as small employers. There are over 600 employers and almost 17,000 employees in the LINKS service area, which is defined as the area within a quarter mile of the shuttle route. LINKS also provides transportation to retail centers and the Davis Street Family Resource Center, which services 10,000 low-income people each year.

Participation in the BID helps businesses comply with the Bay Area Air Quality Management District (BAAQMD) Commuter Benefits program. In 2014, the BAAQMD implemented the Commuter Benefits Program that requires all employers with 50 or more full-time employees to provide commuter benefits to their employees. To comply with the Program, employers must select one (or more) of four commuter benefit options and register with BAAQMD. Participation in the LINKS BID satisfies Option 3 ("Employer Provided Transit") under the requirements, allowing businesses to save time and money when compared to creating their own in-house program.

A new rider survey was conducted in 2016. The survey showed significant improvement in rider satisfaction, which is most likely due to the expanded service. Overall satisfaction with the service increased with 90% of riders rating the service good to excellent. Schedule satisfaction improved significantly moving from a 64% good to excellent rating to 81%. If LINKS were not available, 23% of the LINKS riders surveyed indicated that they would drive alone demonstrating that LINKS significantly reduces single occupancy vehicle trips. Rider comments included "Great Service, "Drivers are always so kind" and "Thank you!"

LINKS Shuttle Ridership

The expanded LINKS service started in March 2015. The updated north and south loops provide more frequent service with shorter wait times, shorter round-trip rides and connections to businesses that previously could not access LINKS. Ridership for the "old" LINKS service averaged 165,000 rides per year with an average of 674 rides per day. In 2016-17 LINKS provided 205,000 rides and averaged 800 rides per day. Staff and the SLTMO anticipate that ridership will continue to trend upward.

Budget

The BID funds approximately one-half of the cost of the LINKS service. Grants make up the next largest funding source which requires the SLTMO to actively pursue grants on an on-going basis. The City of San Leandro contributes \$50,000 annually under the current budget. Partnerships and advertising also generate a small amount of revenue. A summary of the FY 2017-19 LINKS budget is below. Exhibit C contains details regarding the LINKS budget since FY 2010-11.

| | FY 2017-18 Budget | FY 2018-19 Budget |
|----------------------|-----------------------------|----------------------|
| Revenue: | | |
| BID | \$376,000 | \$387,000 |
| Grants | 265,443 | 265,000 |
| City of San Leandro | 50,000 | 50,000 |
| Kaiser | 513,000 | 513,000 |
| Other | <u>71,000</u> <u>71,000</u> | |
| | 1,275,443 | 1,286,000 |
| Expenses: | | |
| LINKS Shuttle | 580,000 | 590,000 |
| Kaiser Shuttle | 446,000 | 446,000 |
| Consulting - Admin | 62,000 | 62,000 |
| Consulting - Survey | 510,000 | 10,000 |
| Advertising | 5,000 | 5,000 |
| Improvements/Nextbus | <u>48,340</u> <u>6,000</u> | |
| | 1,156,340 | 1,124,000 |
| Net Income/(loss) | \$119,103 | \$162,000 |

Over the last year, the SLTMO applied for the following grants:

- Transportation Fund for Clean Air (TFCA) Grant - Received \$79,905 (two-year grant)
- TFCA BAAQMD Grant - Determined not eligible
- Lifeline Cycle 3 Supplemental Grant - Received \$265,443 (one-year grant)
- Measure BB Five Year Grant - Received \$1.02M (five-year grant)

The first-year funding for the Measure BB grant was later eliminated as a result of receiving the \$265,443 Lifeline Grant allocation. But overall, the Measure BB grant stabilized the LINKS funding for the next five years adding significant financial security to the shuttle program.

Grant funds are unpredictable and, because they are drawn on a reimbursement basis, create cash flow issues that make it necessary to have a strong reserve balance at all times.

The SLTMO, which manages the LINKS, also manages an agreement with Kaiser Permanente to run the Kaiser Shuttle service. This agreement runs through August 2018 and assists in funding the administration of the SLTMO.

The SLTMO has an agreement with Marina Square to advertise on the LINKS buses. The current

agreement runs through December 2017. It is anticipated that Marina Square will renew the contract and continue to advertise on the LINKS buses.

Planned Operations 2017-18

In FY 2015-16, the SLTMO focused on getting the new service up and running smoothly and updating the LINKS branding. SLTMO launched a new marketing campaign including a new logo, brochure, shuttle stop signs, and website. The website (www.sanleandrolinks.com) provides easy access to service information. Riders quickly began using the contact function on the website to provide helpful feedback. The website can be updated in-house allowing timely updates and better service to riders. The LINKS brochure was also translated into Chinese and Spanish.

In FY 2016-17, the SLTMO focused on stabilizing the LINKS budget by applying for grants and renewing service contracts with Kaiser Permanente and Marina Square Shopping Center. The five-year \$1.02M Measure BB grant helped to stabilize funding for the next several years.

With secure funding sources, the focus of FY 2017-18 will be to further enhance the service through the installation of Nextbus technology followed by outreach to employers. The Nextbus service will provide real time arrival and departure information to riders through the Nextbus mobile app. The SLTMO has contracted with Nextbus and implementation is under way.

2018 BID Recommendation

Proactive measures taken to generate new revenue and secure grants have helped to stabilize funding for LINKS. The cash flow gap resulting from the grant reimbursement process will continue to pose a challenge for LINKS. The five-year Measure BB grant has further stabilized LINKS funding but must be reauthorized every two years. In order to ensure that funding for LINKS stays current with operating costs, it is recommended that the BID rate be adjusted by the Consumer Price Index.

Per the approved Ordinance, the BID may be increased annually by the Consumer Price Index (CPI). For FY 2017-18 the applicable CPI factor is 3.0 percent. This would result in the BID per employee rate increasing from \$22.20 to \$22.87. Businesses with three or fewer owner/employees, landlords, and non-profits will continue to be exempt from the BID assessment.

After reviewing the Annual Report, the BID Advisory Board made the following recommendations:

1. BID Rate - Increase the BID per owner/employee assessment rate equal to the increase in the Consumer Price Index (CPI) in 2017 as provided for in Ordinance No. 2014-023. For 2018 the applicable CPI factor is 3 percent. Businesses with three or fewer owner/employees, landlords, and non-profits will continue to be exempt from the BID assessment.
2. LINKS Service - Continue to work with the transportation provider to maintain on-time performance and enhance the LINKS rider experience.
3. Outreach - Outreach to employers and employees to educate and promote LINKS ridership.

4. Revenue Diversification - Continue to diversify revenue sources by maintaining current contracts with Kaiser Permanente (Shuttle Service) and Marina Square (advertising) and seek other revenue generating opportunities.
5. Grants - Aggressively seek grant and other funding opportunities. The Board will continue to work with the City of San Leandro and Alameda County Transportation Commission to secure this critical funding.
6. Shuttle Stops at BART - Last year, BART started to work with stakeholders to develop BART Curb Use Guidelines to determine how shuttle stops and curb space should be allocated. The SLTMO will continue to work with BART to ensure that the LINKS and Kaiser Shuttles secure suitable curb assignments.
7. Shuttle Improvements - Install Nextbus technology on all LINKS buses to provide real time arrival and departure information through a mobile application. As funding becomes available, the SLTMO is committed to updating the service and enhancing the rider experience.

Current Agency Policies

- Ordinance No. 2004-013, adopted June 21, 2004, amending Title 2 of the San Leandro Municipal Code to add a new Chapter 15 establishing the West San Leandro Business Improvement District
- Resolution No. 2004-153, adopted October 4, 2004, forming the West San Leandro Shuttle Business Improvement District Advisory Board
- Ordinance No. 2004-021, adopted October 18, 2004, specifying the time and manner of collecting the West San Leandro Shuttle BID assessments
- Resolution No. 2008-130, adopted October 20, 2008, amending Resolution No. 2004-153, modifying the membership of the West San Leandro Shuttle Business Improvement District Advisory Board
- Resolution No. 2009-014, adopted February 2, 2009, approving a Resolution of Intention to re-form the West San Leandro Shuttle Business Improvement District
- Ordinance No. 2009-002, adopted April 6, 2009, amending Title 2 of the San Leandro Municipal Code to add a new Chapter 15 re-establishing the West San Leandro Business Improvement District
- Resolution No. 2010-008 RDA, adopted September 20, 2010, the Redevelopment Agency of the City of San Leandro 2010-2014 Implementation Plan. The West San Leandro-MacArthur Boulevard Project Area identifies the maintenance of LINKS as Economic Development Priority Program
- Ordinance No. 2014-023 re-establishing the West San Leandro Business Improvement District for a period of fifteen years.

Applicable General Plan Policies

Goal 15.03 of the General Plan specifically encourages the use of shuttle buses as a viable alternative to driving and Action 15.03-A urges continuation of public/private partnerships to provide shuttle services and the pursuit of grant funding opportunities for such activities

ATTACHMENT to Resolution

San Leandro Transportation Management Organization Annual Report

PREPARED BY:

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